

Kevin R. McCarthy, VSB No. 14273
1751 Pinnacle Drive, Suite 1115
McLean, VA 22102
703-770-9261 (phone)
703-770-9263 (fax)
krm@mccarthywhite.com
Attorneys for Trustee

UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
Alexandria Division

In re:

EQUAPHOR, INC.

Debtor(s).

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Case No. 10-20490-SSM
(Chapter 7)

ORDER GRANTING TRUSTEE'S MOTION TO APPROVE SALE OF PROPERTY
OF THE ESTATE AT PUBLIC AUCTION DURING COURT HEARING
AND APPROVING SALE TO KOBAYASHI VENTURES, LLC

Upon Consideration of the Trustee's Motion To Approve Sale Of Property Of The Estate At Public Auction During Court Hearing ("Motion"), the Opposition thereto filed by Carotek, Inc. and Event Capture Systems, LLC, the arguments presented at the hearing on the Motion on June 9, 2011, the testimony of the Trustee at such hearing, and the auction conducted by the Court at such hearing, it is

ORDERED that the Motion be, and hereby is, GRANTED, and the Trustee may sell personal property of the estate pursuant to 11 U.S.C. § 363(b) and Federal Rule of Bankruptcy Procedure 6004(a)-(b) as follows:

TYPE OF SALE: public auction.

PROPERTY FOR SALE: all of the Debtor's right, title and interests that exist today and may exist in the future in and to all of Debtor's patents, patent applications, provisional patent applications, and all inventions and discoveries described therein, both foreign and domestic and including all past, present, or future causes of action, infringement claims, all related damage claims including but not limited to lost profits, and enforcement rights relating thereto, whether currently pending, filed, or otherwise, and to all of Debtor's records including but not limited to patent prosecution files, patent file histories, patent litigation records and work product, names and

addresses of counsel who prosecuted the patents and who have handled or who are handling the patents, patent infringement studies (including any legal opinions related thereto), patent validity studies (including any legal opinions related thereto) and prior art studies, patent valuations, invention submissions, inventory lab notebooks and records, and assignment documents, relating to the patents and patent applications (collectively, the "Sale Assets" as hereafter further described). The Sale Assets include the current and future interests in the patent applications and patents described in Exhibit 1 attached to the Trustee's Motion including all rights associated with those patents. The Sale Assets also include the Debtor's claims and causes of action in that case known as Carotek, Inc. v. Kobayashi Ventures, LLC et al., Civil No. 1:07-cv-11163-NRB; Event Capturing System, Inc. v. Kobayashi Ventures, LLC et al., Civil No. 1:08-cv-5706-NRB (consolidated) (the "New York Litigation"). The Sale Assets do not include any liabilities of the Debtor that may be associated with the New York Litigation. The Sale Assets shall be subject to the following license rights, which shall be preserved: a) the rights of Honeywell International Inc. as a licensee of certain patents under an agreement dated May 15, 2000 with the Debtor or a predecessor-in-interest of the Debtor, b) the rights of Cognex Corporation as a licensee of certain patents under an agreement dated October 1, 2009 with the Debtor or a predecessor-in-interest of the Debtor, and c) the rights of Papertech Inc. under an agreement dated October 26, 2009 as a licensee of certain patents with the Debtor or a predecessor-in-interest of the Debtor.

INTEREST BEING SOLD: Entire interest.

PLACE AND TIME OF SALE: Courtroom I of the U.S. Bankruptcy Court, 200 S. Washington Street, Alexandria, VA 22314, on June 9, 2011 at 9:30 a.m.

SALE PROCEDURES: The minimum acceptable bid will be \$100,000. The Trustee will not be required to consider bid increments of less than \$10,000. The Trustee will not be required to consider bids that include consideration other than the payment of money to the bankruptcy estate. The Trustee will sell the Sale Assets to the highest bidder whom the Trustee determines, subject to Court review at the auction, to be financially able to go to closing. Subject to Court review at the auction, the Trustee's determination of the successful bidder shall be final. A bidder may attend the auction in person or through an authorized representative including an attorney and may participate by phone if the Court permits. The Trustee is authorized to accept a back-up bid in the event the successful bidder does not make payment within 5 business days of the conclusion of the auction. The Trustee is authorized to sign a bill of sale, assignment of patent rights, and any other document reasonably required or requested by the successful bidder to evidence transfer of title to the Sale Assets, including the Assignment of Patent Rights attached as Exhibit 2 to the Trustee's Motion.

TAX CONSEQUENCES TO ESTATE BY SALE: None or minimal.

LIENS: None.

IT IS FURTHER ORDERED that, the Court having conducted an auction pursuant to the foregoing procedures in open court on June 9, 2011, the successful bidder for the subject property was Kobayashi Ventures, LLC ("Kobayashi"), which bid \$100,000 and which the Court determined, for purposes of 11 U.S.C. § 363(m) (and without prejudice to the position of the

Trustee, Kobayashi, or any other party in any other matter, case, or proceeding), to be an entity purchasing the subject property in good faith; and it is further

ORDERED that closing on the above sale shall take place on the later of June 24, 2011 or the next business day after the expiration of fourteen days from the date of entry of this Order at the office of the Trustee.

Date: _____

Stephen S. Mitchell
U.S. Bankruptcy Judge

I ask for this:

/s/ Kevin R. McCarthy
Kevin R. McCarthy, VSB No. 14273
McCarthy & White, PLLC
1751 Pinnacle Drive – Suite 1115
McLean, VA 22102
703-770-9261 (phone)
703-770-9263 (fax)
krm@mccarthywhite.com
Attorneys for Trustee

Local Rule 9022-1(C) Certification

The foregoing Order was served upon all necessary parties by e-mail to counsel for Carotek, Inc. and Event Capture Systems, LLC and counsel for Kobayashi Ventures, LLC on the 9th day of June, 2011 pursuant to Local Rule 9022-1(C).

/s/ Kevin R. McCarthy
Kevin R. McCarthy
Attorney for Trustee

PARTIES TO RECEIVE COPIES

all registered ecf participants who have appeared in this case